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The President's Daily Brief

March 17, 1976

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~~*Top Secret*~~ 25X1

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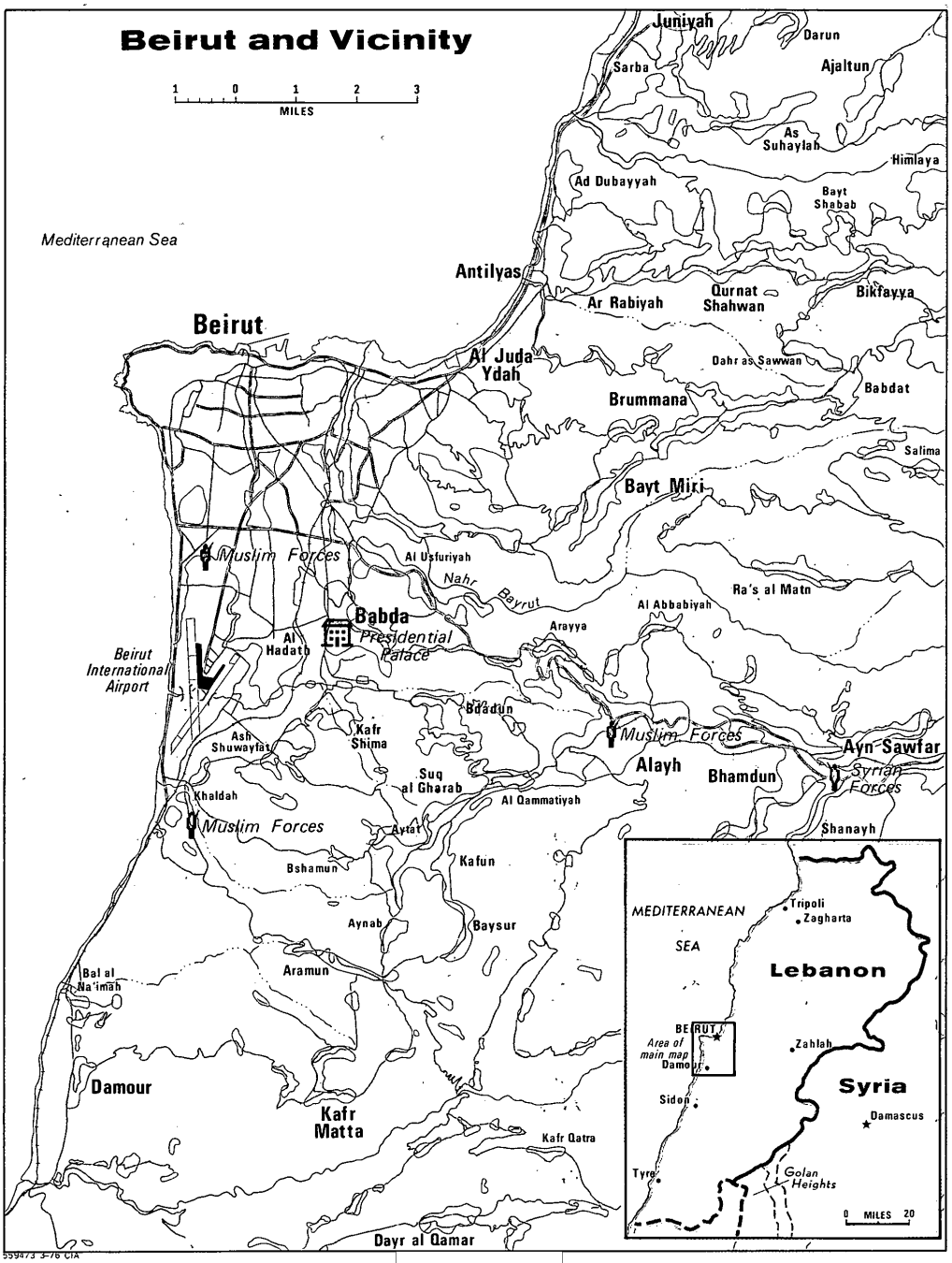

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LEBANON

Damascus has apparently moved between 800 and 1,000 regular Syrian troops into central Lebanon this week. They are to help Palestinian forces ensure that Lebanese Muslim and leftist troops do not attack the presidential palace at Babda while political negotiations continue in Damascus.

The Syrian troops reportedly are encamped near the village of Ayn Sawfar, along the Beirut-Damascus road. This would put them between rebel Muslim leader Ahmad Khatib's headquarters in eastern Lebanon and his forward positions around Alayh.

It is likely that the Syrian regulars now in Lebanon are wearing uniforms of the Syrian-controlled Palestine Liberation Army or the Saiqa fedayeen group. Almost all forces from those groups remaining in Syria were preparing to move into Lebanon over the past several days; they may have provided cover for Syrian regulars.

[redacted] The Israelis are likely to remain content with issuing warnings against outside intervention even though they may suspect that some Syrian forces are in Lebanon. 25X1 25X1

Syria, the Lebanese army high command, and the Christian Phalanges Party apparently are in general agreement that Ilyas Sarkis, governor of the central bank, should succeed President Franjiyah. Brigadier Ahdab so far has found it politically impossible to back Sarkis publicly, however, because Sarkis is unacceptable to Socialist leader Kamal Jumblatt and to other Muslim and leftist leaders who have supported Ahdab.

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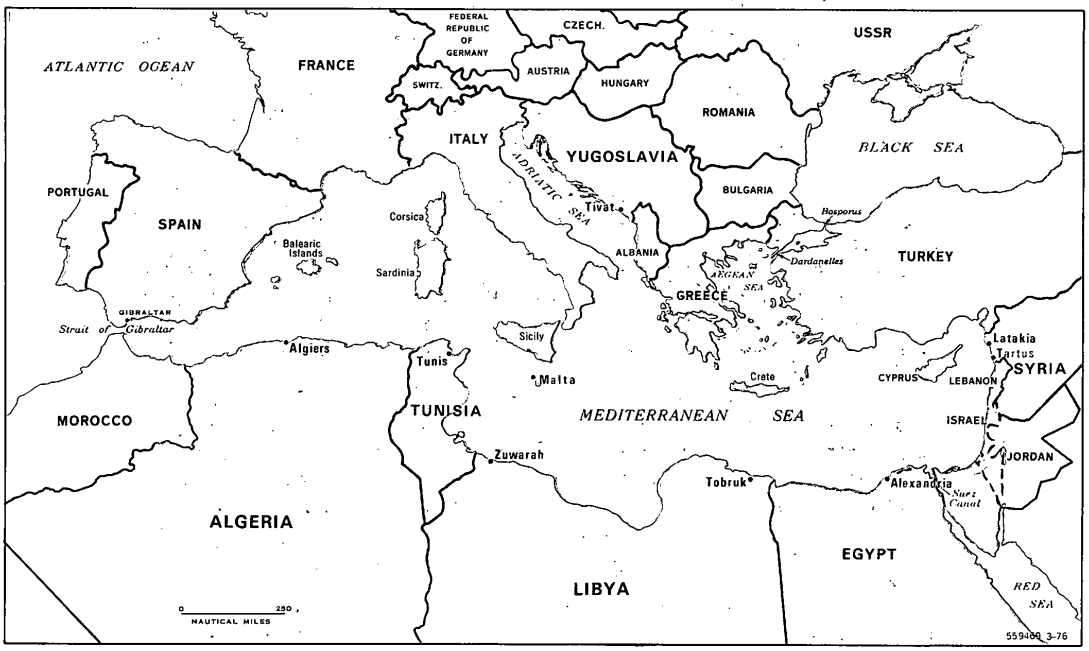

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EGYPT-USSR

Egypt reportedly is determined to end the Soviet naval presence in Alexandria. [redacted] 25X1 25X1

Alexandria is the largest and best-equipped naval facility used by the Soviets in the Middle East, and its loss will be a severe blow to the Soviet naval squadron--particularly to submarine operations--in the Mediterranean. The Soviets have access to other port facilities in the Mediterranean, but these merely have supplemented Alexandria.

In Syria, the Soviets gained limited use of facilities at Latakia and Tartus after the 1973 Middle East war. Both ports are used to replenish Soviet minesweepers [redacted] 25X1 Neither port has major repair facilities, and it is unlikely that the Soviets will gain greater access to Syrian ports in the immediate future.

Since April 1974, the Soviets have had limited access to repair facilities in Tivat, Yugoslavia, but these facilities are not as extensive as those in Alexandria. The Soviets probably will not be able to expand their naval access there significantly because Belgrade would be loath to allow a greater Soviet naval presence in the country.

In Libya, the Soviets reportedly gained permission in 1974 to visit the ports of Tobruk and Zuwarah, but only for emergencies. Libya apparently does not have major ship repair facilities, and none is under construction at the two ports.

The Soviets almost certainly will seek to expand their access to other naval facilities in the Mediterranean. They probably will apply some pressure on countries where they already have some access--such as Syria and perhaps Yugoslavia--and turn to others, possibly Algeria, Tunisia, and Malta.

The Soviet submarine force in the Mediterranean will be particularly affected by the loss of the facilities in Alexandria. Diesel-powered submarines will probably have to be rotated in order to be repaired and overhauled.

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EGYPT-USSR

Initial reaction in Egypt to President Sadat's abrogation of the Egyptian-Soviet friendship treaty is generally favorable, according to a sampling taken by the US embassy.

The abrogation of the treaty came as a complete surprise to most Egyptians, who had noted the recent lull in Egyptian-Soviet polemics. The embassy's impression is that large numbers of Egyptians welcome the step as "long overdue."

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

[redacted] there is no evidence to suggest that Sadat does not have the support of his government. Fahmi, in fact, added his support in a speech to the People's Assembly on Monday in which he catalogued a long list of Egypt's grievances with Moscow as just grounds for the move.

Reaction throughout the rest of the Arab world has been chilly. Most Arabs have ignored Sadat's announcement; some have reported it factually, but no one has supported it. Two Jordanian newspapers, in fact, implied that the Soviet refusal to supply Egypt with arms was Sadat's fault entirely.

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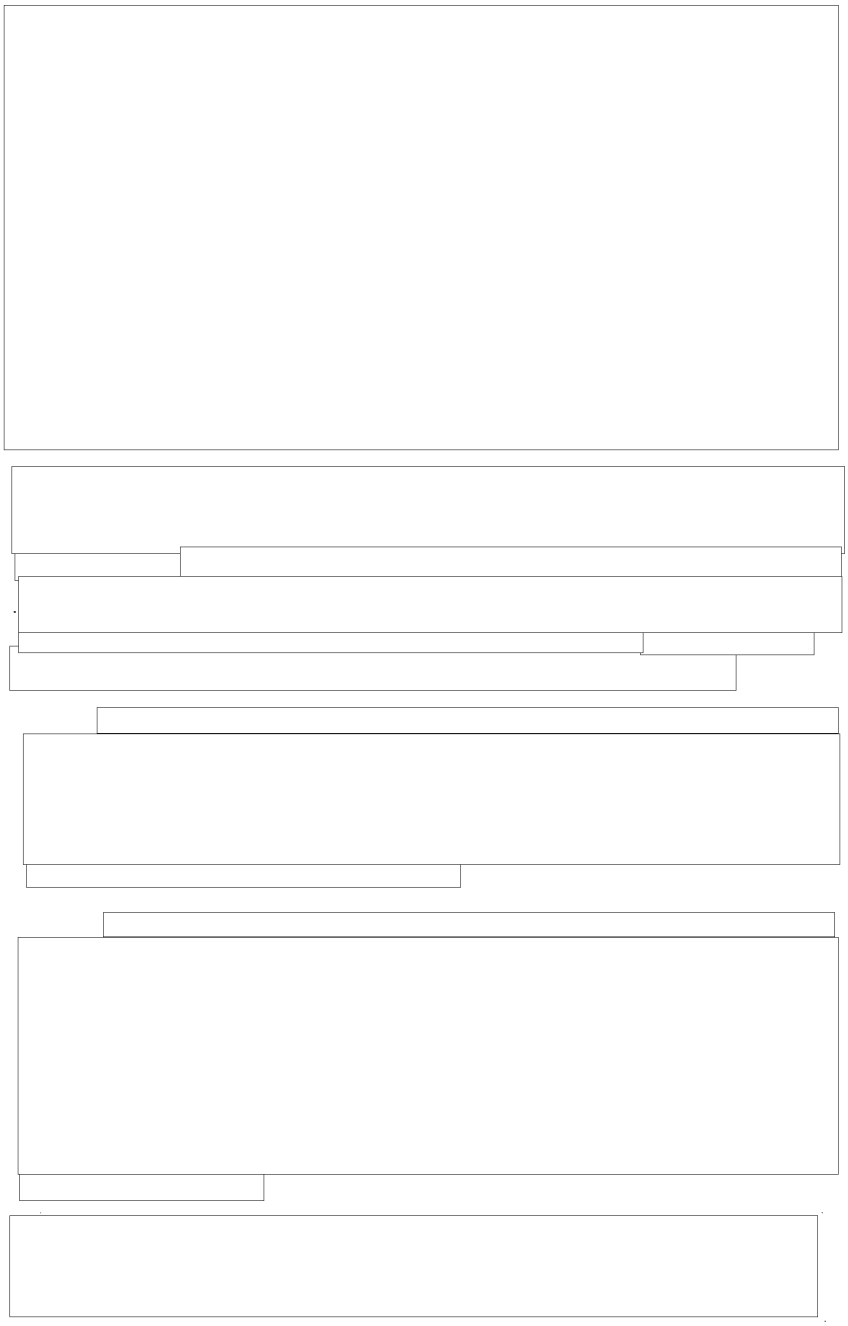
EGYPT-ISRAEL-SYRIA



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NOTES

The move by three OPEC members--Saudi Arabia, Kuwait, and Iran--into long-term lending last year reflects the growing sophistication of their financial institutions and the relative increase in long-term interest rates in 1975.

Long-term debt holdings by the three countries totaled $19 billion last year, tripling over 1974, and constituting over 20 percent of their total assets. Initial holdings in 1974 were limited to a few large transactions with industrialized nations, the International Monetary Fund, and the World Bank. Activity broadened in 1975 to include lending to third world and communist countries and to private Western firms. Saudi and Kuwaiti long-term lending apparently continues to accelerate; the decline in Iran's investable surplus is forcing Tehran to cut back.

* * *

Soviet [redacted]

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The report on the UN investigation of the situation in Timor should cause Indonesia few problems.

It states that an accurate assessment of the situation as a whole "remains elusive," but makes no judgments on Fretilin accusations of intervention by Indonesian armed forces. No date has been set for Security Council consideration of the report, and there appears to be little sentiment to renew debate on Timor.

Indonesian forces now control all the major population centers and military installations in the Portuguese half of the island, and Fretilin forces appear incapable of seriously disrupting Jakarta's plans for eastern Timor.

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